

Keweenaw Cooperative, Inc.
Board of Directors Meeting
1035 Ethel Avenue — Hancock, MI
Approved Minutes of October 21, 2009

Board members present: Chris Alquist, Robyn Johnson, Cory McDonald, Diane Miller, Sigrid Resh, Roger Woods, Cindy Drake, Libby Meyer (arrived 5:46)

Others present: Dan Schneider (Recording), Co-op General Manager Curt Webb, Julie Brimm (arrived 5:56)

1. Preliminaries

- a. The meeting was called to order at 5:32 p.m. by Roger Woods
- b. Owner-member issues/comments
 - i. None were presented.
- c. Monitoring Affirmation
 - i. All board members affirmed they had read the board packet.
- d. Agenda Review
 - i. Changes to the agenda:
 - (5. Board Decisions) Consent agenda added.
 - (5. Board Decisions) Curt's report on a tour of the DNN Records Building added.
- e. Approve minutes
 - i. **MOTION:** A motion to approve the September 2009 minutes with changes was made by Cindy and seconded by Chris Alquist. The motion passed without opposition.

2. Member Linkage

- a. Nominating Committee Report
 - i. The Board members continue to approach potential candidates for future Board seats. The Nominating Committee is particularly interested in finding candidates who are Hancock residents or finance experience.
 - ii. The Board will develop a Board Job Description, which will let potential candidates know what being on the Board is all about, including the time commitment required.
- b. Transition Issues
 - i. The Board talked about when members will be eligible to receive member benefits when they are using payment plans to buy their shares. Recent conversations with co-op lawyer Mark Stewart led the Board to decide that all member benefits should be given to members with their first payment, and the members retain the benefits as long as they keep up with their payments.
 - ii. The Board learned it would be highly complicated to retain the current member database, including current member numbers, when the transition is made to the new ownership structure. It would cost approximately \$1,000 for POS system software updates, plus require lots of administrative time. It would be easier to start member numbers over at 1. The Board discussed the importance many members place on their numbers, particularly those members with low numbers, and decided to go forward with a system that would allow members to retain their numbers without having to transfer the entire database. More research is necessary to determine the practicality of this system, but the software updates it would require would cost an estimated \$200.
 - iii. The Board discussed whether we should accept membership registrations, with or without payment, prior to the transition. It was decided it would be operationally easier

to wait until after January 1, when people will be able to sign up and pay at the same time.

iv. The Board discussed how to collect payments from members using payment plans. They decided payment will be taken at the register with set quarterly due dates for all members.

v. The Board discussed how to assign equity to members. It was determined that early members paid \$5 (students and seniors) or \$10 (regular). The Board is confident a fair system for assigning equity to current members will be established in time for the transition Jan. 1. In most cases, the amount of a member's equity will be determined based on the time period in which they joined. Chris, who has been researching past payment arrangements, and Curt reported that records of Fair Share payments provide a solid basis for assigning members' equity.

vi. The Board decided paper share ownership certificates will not be issued.

vii. The Board discussed payment plan options, particularly Plan 4 (\$20 per year for 10 years), stating concern that this option provides little incentive for members to complete their payment cycle. Board members felt it was important that such an option be available for those who cannot afford to make larger, more frequent payments under the other three plans. Chris and Sigrid will develop verbiage explaining the different options and that fast payment of share costs is beneficial for the Co-op.

viii. The legal forms are all ready for incorporation in Ohio. Board members will review the forms by e-mail before they are submitted and the incorporation goes into effect.

ix. The Board decided members who become delinquent in their payments will not be given notice of their delinquency by means beyond notification at register.

3. Policy/Ends Development

a. No discussion

4. Assurance of GM Performance

a. EL3: Financial Planning & Budgeting

i. The Board questioned why this year's tax liabilities were greater than last year's. Curt explained that quarterly tax liabilities are estimated based on taxes paid the previous year, and the current year's actual tax liability often fluctuates above or below that estimate depending on the year's sales.

ii. (See October Monitoring Check Sheet)

b. EL4: Financial Condition & Activities

i. No discussion (See October Monitoring Check Sheet)

c. EL8: Communication & Support to Board

i. The Board discussed Curt's workload and whether there might be a way to monitor financial data that is less labor intensive. Curt said the past month has been complicated by an unusual number of extenuating circumstances and that he feels the Board's expectations concerning reports have been reasonable.

ii. (See October Monitoring Check Sheet)

d. EL6: Asset Protection

i. The Board briefly discussed the organization's various liabilities relevant to EL6.4. Curt said the Co-op's liabilities could be more closely examined and defined, then codified into an operational policy.

ii. (See October Monitoring Check Sheet)

5. Board Decisions

a. Meeting dates for Nov., Dec.

i. The November Board meeting will take place Nov. 18. The December Board meeting will take place Dec. 16.

b. Consent Agenda

i. The Board approved renewing membership in the Keweenaw Economic Development Alliance effective October 31 (dues are \$150), as well as the National Cooperative Business Association effective November 15 (dues are \$388). The Board also approved renewal of the Co-op's Director's Liability Insurance effective November 16.

c. The Board discussed a request by member number 2060, Mark McBrian, to be removed from the Co-op's membership rolls. The Co-op's current bylaws make no provision for such a request.

ii. **MOTION:** Sigrid Resh moved to remove member 2060 from the membership rolls, at the member's request, Cindy Drake seconded. The motion passed without opposition.

d. Curt's DNN Records Building Tour

i. Curt reported on a tour he took last week of an available property located in Hancock. It's a pretty cool building. The second and third floors are wide open. There is much more space than the Co-op could use, but it would be worth looking at if we want to get serious about relocating. Citizens Bank owns the building. No suggested price was given during the tour.

6. Monitoring Board Performance

a. GP6: Annual Agenda & Board Calendar

i. Delayed until future meeting.

b. GP8: Cost of Governance

i. Delayed until future meeting.

7. Closings

Review Decisions, Tasks, Assignments

a. Update Board Task List Reminders with owners/dates

i. Create a prospective board member packet (Diane, Cindy).

ii. Create verbiage explaining member payment plans (Chris, Sigrid).

iii. E-mail incorporation documents to all of the Board members (Cory).

b. How did we do? Review meeting.

i. No discussion

c. The next board meeting will be November 18 at 5:30 p.m. in the Co-op Community Room.

d. Draft November Agenda

i. Establish a date for next year's GMM.

ii. Discussion of Board compensation.

iii. GP6 and GP8 monitoring.

e. Closed Session

i. The Board went into closed session to discuss the general manager evaluation

f. Adjourn meeting

i. **MOTION:** Cory McDonald moved to adjourn the meeting, Robyn Johnson seconded. The motion passed without opposition. The meeting adjourned at 7:46 p.m.

Minutes prepared by Dan Schneider.

Submitted by _____ Date _____